

Questions for the Record for Ambassador Robert E. Lighthizer
U.S. House Ways and Means Committee
Hearing on U.S.-China Trade
February 27, 2019

From Representative Brian Higgins to Ambassador Robert E. Lighthizer

1. Are there going to be provisions in the U.S.-China Trade Agreement that will prevent China from doing to the 5G optical equipment industry what it did to traditional industries like steel and aluminum? Specifically, will it include provisions to get China to agree not to build excess capacity in hi-tech sectors subject to China 2025 or other industrial policies? If not, why not?

Answer: Addressing the role of market-distorting forces in creating and maintaining excess capacity is a key component of our ongoing bilateral negotiations with China. We are seeking enforceable commitments from China to not only eliminate all forms of non-market support to its industries, but also to refrain from providing such subsidies in the future, including in the context of its Made in China 2025 initiative.

2. If China does not agree to meaningful excess capacity provisions for hi-tech products, will the U.S nonetheless agree to eliminate or reduce the Section 301 tariffs on products subject to China 2025 and any other industrial policies that discriminates against U.S. firms and workers?

Answer: The goal of the Section 301 investigation is to change China's unfair and market-distorting behavior. China should have responded to the findings in the Section 301 investigation and the U.S. tariff actions. Instead, China retaliated with tariffs on U.S. products. The Administration does not intend to remove the Section 301 tariffs in the absence of China addressing our concerns.

3. If provisions to discourage China from building excess capacity in hi-tech sectors are included in the Agreement, will these provisions authorize the U.S. to take trade action without an injury determination to enforce China's commitment?

Answer: Ensuring that China implements its commitments in any agreement is crucial. The Administration is determined to include an enforcement mechanism that makes China's commitments fully enforceable and subject to responsive action by the United States in the event of non-compliance.